

## 1 SENATE BILL NO. 230

2 INTRODUCED BY J. TROPILA

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A FEE FOR THE TRANSFER OF A LIQUOR  
5 LICENSE BETWEEN QUOTA AREAS; PROVIDING THAT THE FEE IS THE DIFFERENCE BETWEEN THE  
6 PRICE PAID FOR THE LICENSE TRANSFERRED INTO THE NEW QUOTA AREA AND THE AVERAGE PRICE  
7 FOR LIQUOR LICENSES WITHIN THE NEW QUOTA AREA; PROVIDING METHODS FOR DETERMINING THE  
8 PRICE FOR THE TRANSFERRING LICENSE AND THE AVERAGE PRICE OF LIQUOR LICENSES WITHIN  
9 THE NEW QUOTA AREA; AND AMENDING SECTION 16-4-204, MCA."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 NEW SECTION. **Section 1. Fee for quota area transfers.** (1) (a) The fee for a transfer of a license  
14 between quota areas under 16-4-204(1)(a) is an amount that is the difference between the cost of the license  
15 before the transfer and the average cost of a license purchased in the new quota area as provided in this section.

16 (b) The cost of the license before transfer is the lowest price of a license resulting from sale offers of at  
17 least three qualified licenses that were received from offers solicited by the person transferring the license into  
18 the new quota area. The transferor shall purchase the lowest-priced license.

19 (c) The average cost of a license purchased in the new quota area is the average purchase price of the  
20 last three license sales within the quota area to which the license is to be transferred. The department shall  
21 determine the average cost of a license purchased.

22 (2) The fee collected pursuant to subsection (1) must be distributed as follows:

23 (a) 25% to the city upon which the quota area is based or, if the quota area is not city-based, to the  
24 county in which the license is allowed by quota increase; and

25 (b) 75% to the department of commerce to implement the Primary Sector Business Workforce Training  
26 Act, Title 39, chapter 11, through funds appropriated for grants.

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28 **Section 2.** Section 16-4-204, MCA, is amended to read:  
29 **"16-4-204. Transfer -- catering endorsement.** (1) (a) Except as provided in subsection (1)(b), a license  
30 may be transferred to a new ownership and to a location outside the quota area for which it was originally issued

1 only when the following criteria are met:

2 (i) the total number of all-beverages licenses in the original quota area exceeded the quota for that area  
3 by at least 25% in the most recent census prescribed in 16-4-502;

4 (ii) the total number of all-beverages licenses in the quota area to which the license would be transferred,  
5 exclusive of those issued under 16-4-209(1)(a) and (1)(b), did not exceed that area's quota in the most recent  
6 census prescribed in 16-4-502:

7 (A) by more than 33%; or

8 (B) in an incorporated city of more than 10,000 inhabitants and within a distance of 5 miles from its  
9 corporate limits by more than 43%; and

10 (iii) the department finds, after a public hearing, that the public convenience and necessity would be  
11 served by such a transfer.

12 (b) A license within an incorporated quota area may be transferred to a new ownership and to a new  
13 unincorporated location within the same county on application to and with consent of the department when the  
14 quota of the all-beverages licenses in the original quota area, exclusive of those issued under 16-4-209(1)(a) and  
15 (1)(b), exceeds the quota for that area by at least 25% in the most recent census and will not fall below that level  
16 because of the transfer.

17 (c) The transfer of a license between quota areas under subsection (1)(a) is subject to the fee established  
18 in [section 1].

19 ~~(c)(d)~~ For 3 years after the transfer of a license between quota areas under subsection (1)(a), the license  
20 may not be mortgaged or pledged as security and may not be transferred to another person except for a transfer  
21 by inheritance upon the death of the licensee.

22 ~~(d)(e)~~ Once a license is transferred to a new quota area under subsection (1)(a), it may not be  
23 transferred to another quota area or back to the original quota area.

24 ~~(e)(f)~~ A license issued under 16-4-209(1)(a) may not be transferred to a location outside the quota area  
25 and the exterior boundaries of the Montana Indian reservation for which it was originally issued.

26 (2) (a) Any all-beverages licensee is, upon the approval and in the discretion of the department, entitled  
27 to a catering endorsement to the licensee's all-beverages license to allow the catering and sale of alcoholic  
28 beverages to persons attending a special event upon premises not otherwise licensed for the sale of alcoholic  
29 beverages for on-premises consumption. The alcoholic beverages must be consumed on the premises where  
30 the event is held.

1 (b) A written application for a catering endorsement and an annual fee of \$250 must be submitted to the  
2 department for its approval.

3 (c) An all-beverages licensee who holds an endorsement granted under this subsection (2) may not cater  
4 an event in which the licensee is the sponsor. The catered event must be within 100 miles of the licensee's  
5 regular place of business.

6 (d) The licensee shall notify the local law enforcement agency that has jurisdiction over the premises  
7 where the catered event is to be held. A fee of \$35 must accompany the notice.

8 (e) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of  
9 16-6-103.

10 (f) The sale of alcoholic beverages pursuant to a catering endorsement is subject to the provisions of  
11 16-3-306, unless entities named in 16-3-306 give their written approval.

12 (g) A catering endorsement issued for the purpose of selling and serving beer at a special event  
13 conducted on the premises of a county fairground or public sports arena authorizes the licensee to sell and serve  
14 beer in the grandstand and bleacher area of the premises, as well as from a booth, stand, or other fixed place  
15 on the premises.

16 (h) A licensee may not share revenue from the sale of alcoholic beverages with the sponsor of the  
17 catered event unless the sponsor is the state of Montana, a political subdivision of the state, or a qualified entity  
18 under section 501(c) of the Internal Revenue Code, 26 U.S.C. 501(c), as amended."

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20 **NEW SECTION. Section 3. Codification instruction.** [Section 1] is intended to be codified as an  
21 integral part of Title 16, chapter 4, part 2, and the provisions of Title 16, chapter 4, part 2, apply to [section 1].

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